



Department of Energy
Richland Operations Office
P.O. Box 550
Richland, Washington 99352

SEP 24 1999

99-PRO-844

Mr. R. D. Hanson, President
Fluor Daniel Hanford, Inc.
Richland, Washington 99352


Dear Mr. Hanson:

CONTRACT NO. DE-AC06-96RL13200 - CONTRACT MODIFICATION M017

Enclosed for your file is a fully executed original of Contract Modification number M017.

This modification incorporates the Life Cycle Asset Management requirements into the PHMC contract. Should you have any questions, please contact me at (509) 376-8948.

Sincerely,


Sally A. Sieracki
Contracting Officer

PRO:EJB

Enclosure

cc w/encl:
J. L. Jacobsen, FDH

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE	PAGE 1 OF 6 PAGES
2. AMENDMENT/MODIFICATION NO. M017	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO. N/A	5. PROJECT NO. (If applicable)	
6. ISSUED BY U.S. Department of Energy Richland Operations Office P.O. Box 550, A7-80 Richland, WA 99352		7. ADMINISTERED BY (If other than Item 6) Same as in Block 6.		
8. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, state and zip code) Fluor Daniel Hanford, Inc. P.O. Box 1000 Richland, Benton, Washington 99352		9A. AMENDMENT OF SOLICITATION NO.		
		9B. DATED (SEE ITEM 11)		
		10A. MODIFICATION OF CONTRACT/ ORDER NO. DE-AC06-96RL13200		
CODE		10B. DATED (SEE ITEM 13) 08/06/96		

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment, (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

N/A

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

<input checked="" type="checkbox"/>	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
<input checked="" type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Mutual agreement of the parties.
<input type="checkbox"/>	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 3 copies to the issuing office. --

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Modification M017 is issued after modification A084.

Please see Page 2.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Ron D. Hanson President and Chief Executive Officer	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Sally A. Sieracki, Contracting Officer
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	16B. UNITED STATES OF AMERICA (Signature of Contracting Officer)
15C. DATE SIGNED 9/21/99	16C. DATE SIGNED 24 Sep 99

The purpose of this modification is to incorporate the requirements for Life Cycle Asset Management by making changes to Section C, Statement of Work, and by adding Clause H.59 to the contract. The contract is modified as follows:

1. SECTION C, STATEMENT OF WORK, paragraph C.2, MANAGEMENT AND INTEGRATION WORKSCOPE, subparagraph B. MANAGEMENT SYSTEMS, (2)(a); delete the second sentence: "The system shall implement DOE Order 430.1, *Life-Cycle Asset Management* (LCAM), which covers all aspects of the planning, acquisition, and disposal of DOE assets".

2. SECTION C, STATEMENT OF WORK, paragraph C.4, INFRASTRUCTURE, subparagraph B. INFRASTRUCTURE OPERATIONS AND MAINTENANCE, (1); change first sentence:

FROM: "Develop, acquire, operate, and dispose of facilities in accordance with DOE O 430.1, *Life-Cycle Asset Management*."

TO: "Develop, acquire, operate, and dispose of infrastructure facilities in an integrated and cost-effective manner."

3. SECTION H, SPECIAL CONTRACT REQUIREMENTS, replace Clause H.59 "RESERVED" with new Clause H.59, entitled LIFE CYCLE ASSET MANAGEMENT GRADED APPROACH, with the following language:

SECTION H.59 LIFE CYCLE ASSET MANAGEMENT GRADED APPROACH

This contract clause is applicable to all PHMC Major Subcontractors and DynCorp.

A. The contractor shall plan, acquire and dispose of DOE assets in a cost-effective manner to meet the DOE mission. The contractor shall use industry standards, and a graded approach, in applying these requirements. FDH major site projects may define policies and procedures for implementing this clause within their project or program area. Major site projects are defined as the River Protection Project (formerly the Tank Waste Remediation System), Facility Stabilization, Waste Management, Spent Nuclear Fuels, Infrastructure, HAMMER, and Advanced Reactor Transition. Future major projects may be subject to life cycle asset management, as directed by the RL Contracting Officer or RL Contracting Officer Representative.

- B. The contractor shall use a process based on a graded approach for physical asset acquisition that is an integrated, systematic approach that shall ensure, but shall not be limited to, the following:
- (1) Use of a process tool, such as value engineering, to improve efficiency and cost-effectiveness when analyzing physical asset acquisition.
 - (2) Specification of the appropriate state, regional, or national building codes to which physical assets shall be designed and constructed.
 - (3) Consideration of maintainability, operability, disposition, life-cycle costs, and configuration integrity in designs and acquisitions.
 - (4) A project management system based on effective management practices that is sufficiently flexible to allow for the size and complexity of the project. For line item projects, the following requirements are considered minimal:
 - (a) Prior to receiving RL approval to commence conceptual design, include the following in project planning
 - (i) minimum technical functional requirements
 - (ii) proposed cost and schedule ranges,
 - (iii) preliminary environmental strategy
 - (iv) identification of project technical and organizational interfaces, and
 - (v) integration with other projects and activities
 - (b) Prior to receiving RL approval to commence execution, include the following in project planning:
 - (i) project objectives
 - (ii) scope, schedule, and cost baselines, including contingencies,
 - (iii) life-cycle cost analysis
 - (iv) preliminary safety assessment,
 - (v) project controls, including baseline change control, change control thresholds, and statusing,
 - (vi) verification of performance criteria through test and evaluation, and
 - (vii) design alternatives
 - (c) Prior to operation, a plan for turnover of a facility shall be prepared; verification of performance criteria through test and evaluation shall be accomplished; and operational readiness shall be verified.

- C. The requirements in this paragraph C., in part, supplement the contractor's obligations to manage maintenance programs in accordance with the applicable chapters of DOE Order 4330.4B. The Contractor shall use a process based on a graded approach for the operation and maintenance of physical assets that shall ensure, as a minimum, the following:
- (1) The identification, inventory, and periodic assessment such as Condition Assessment Surveys or an equivalent assessment program, of the condition of physical assets in the maintenance program.
 - (2) The establishment of requirements, budgets, and a work management system to maintain physical assets in a condition suitable for their intended use.
 - (3) The preventive, predictive, and corrective maintenance to ensure physical asset availability for planned use and/or proper disposition.
 - (4) A configuration management process to ensure the integrity of physical assets and system.
 - (5) The efficient and effective management and use of energy and utilities.
 - (6) A method for the prioritization of infrastructure requirements.
 - (7) The management of backlogs associated with maintenance, repair, and capital improvements.
 - (8) A method to ensure that prior to the completion of mission activities (e.g., production, research, etc.) actions are implemented to place the facility, systems and materials in stable and known conditions and to ensure hazards are identified and known pending transfer or disposition. For facilities that have already completed mission activities and are awaiting transfer or disposition, ensure that actions are taken to eliminate or mitigate hazards and provide adequate protection to workers, the public and the environment. In both cases, actions shall be based on an assessment of the remaining hazards at the time when mission activities are completed, or prior to transfer or disposition for facilities that have already completed mission activities. The actions shall include but not be limited to:
 - (a) Identifying and characterizing all hazardous and radioactive material and wastes remaining in system/facilities and providing for their stabilization (if necessary), adequate storage until they are removed from the facility, and (unless otherwise agreed to prior to facility transfer) removal.
 - (b) Assessment and adjustment (if necessary) of the facility authorization basis to ensure it continues to reflect conditions in the facility pending disposition.

- (c) Conducting surveillance and maintenance activities required to maintain the facility and remaining hazardous/radioactive materials and waste in a stable and known condition pending facility disposition.
 - (d) Identifying and allocating resources needed to maintain stable and known conditions pending disposition.
- D. The Contractor shall use a process based on a graded approach for the disposition of physical assets that shall ensure, as a minimum, the following:
 - (1) Application, as appropriate, of guidelines contained or referenced in DOE-STD-1120-98, INTEGRATION OF ENVIRONMENT, SAFETY AND HEALTH INTO FACILITY DISPOSITION ACTIVITIES.
 - (2) For execution of contaminated facility disposition, as a minimum the following apply:
 - (a) A method to ensure that deactivation, surveillance and maintenance, and decommissioning activities are appropriately planned, conducted, and documented in a manner consistent with the guiding principles and core functions of the Department's integrated safety management and facility disposition policies. The disposition process shall provide for:
 - (i) The collection of baseline data to support a physical, chemical, and radiological characterization, updated as necessary to reflect changes in facility conditions during the disposition process.
 - (ii) Surveillance and maintenance activities that correspond with facility conditions, including changes resulting from disposition activities.
 - (iii) A method for identifying, assessing, and evaluating alternatives for deactivating and/or decommissioning and for selecting and documenting a preferred alternative.
 - (iv) An end-point process in deactivation and decommissioning planning that identifies specific facility end-points and activities needed to achieve those end-points.
 - (v) A method for detailed engineering planning and for plan documentation to execute the preferred deactivation and/or decommissioning alternative.

- (b) The use of Non-Time-Critical Removal Action as the approach for decommissioning, by using the tailored process negotiated with the Environmental Protection Agency, with continued Defense Nuclear Facilities Safety Board oversight to the extent authorized by law. Non-Time-Critical Removal Action is a type of response action recognized by the Environmental Protection Agency as appropriate for addressing hazardous substance threats where a planning horizon of six months or more is appropriate. Removal responses, including non-time-critical removals are the subject of 40 CFR 300.410 and 300.415. Under a signed agreement with EPA, the Department uses a non-time-critical removal approach tailored for DOE's decommissioning of contaminated facilities. That approach comprises threat assessment; identification, analysis, and documentation of decommissioning alternatives; opportunities for public participation in the decommissioning decision; and planning and performance of decommissioning activities. Under the DOE/EPA agreement, regulator involvement in decommissioning is determined locally.
 - (c) The development of a final report, or equivalent document, for each deactivation and/or decommissioning project. Where deactivation and decommissions are conducted as a single, uninterrupted activity, only one final report, or equivalent, is required.
- E. In the acquisition, operation, maintenance, leasing and disposition of physical assets, the Contractor shall ensure that all applicable Federal, state, and local laws, regulations, and negotiated agreements are followed, and that applicable safeguards and security as well as integrated safety management requirements and policies are followed.

4. Section J, Appendix C, DOE Directives:

DELETE: DOE O 430.1 Life-Cycle Asset Management.

ADD: DOE O 4330.4B, Maintenance Management Program.

5. All other terms and conditions remain unchanged.



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Sincerely,

ORIGINAL SIGNED BY:

Sally A. Sieracki
Contracting Officer

PRO:EJB

Enclosure

cc w/encl:
J. L. Jacobsen, FDH

bcc: PRO Off File
PRO Rdg File
CCC Rdg File w/encl
Record Note: None
E:\Rosie\Baumann\M017 Transmittal ltr #844

RECEIVED

Office >	PRO	PRO				
Surname >	BAUMANN	SIERACKI				SEP 27 1999
Date >	9/24/99	24 Sep 99				

(Please return to Rosie Garza 6-7736 A7-80/FED FAX 6-5378)

DOE-RL/REC Document No. 14936